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DEED OF TRUST AND SECURITY AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, **LDL COASTAL LIMITED, L.P.**, a Texas limited partnership, whose sole general partner is **LDL Management, LLC**, a Texas limited liability company, whose address for notice hereunder is P. O. Box 24727, Houston, Harris County, Texas 77229, hereinafter called "Grantors" (whether one or more), in consideration of TEN AND NO/100 DOLLARS (\$10.00) cash in hand paid by P. **MICHAEL WELLS**, "Trustee", whose address for notice is P. O. Box 450559, 13300 Alameda Road, Houston, Texas 77245-0559, the receipt of which payment is hereby acknowledged and confessed, and of the debt and trust hereinafter mentioned, have Granted, Bargained, Sold and Conveyed, and by these presents do Grant, Bargain, Sell and Convey unto Trustee, and unto the successor or substitute Trustee hereinafter provided, the following property situated in Brazoria County, Texas, to-wit:

All those certain tracts or parcels of land out of **BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8**, F. J. Calvit League, Abstract 51, Brazoria County, Texas, and being more particularly described on Exhibit "A", which is attached hereto and made a part hereof for all purposes,

together with all buildings and other improvements thereon and hereafter placed thereon, and all fixtures, materials, equipment, apparatus, furniture, furnishings and other property, real and personal, now or hereafter installed or used on the above described property or the improvements thereon, including, but not limited to, all heating, lighting, refrigeration, plumbing, ventilating, incinerating, water-heating, cooking and air-conditioning equipment, fixtures and appurtenances, window screens, window shades, venetian blinds, awnings, drapes, carpets, and other floor coverings, shrubbery and other chattels and personal property used or furnished in connection with the operation, use and enjoyment of the above described property and the improvements thereon, and all renewals, replacements and substitutions thereof and additions thereto, all of which said property and fixtures shall be deemed to be a part of and affixed to the above described real property; all rents, revenues, income and profits arising from any part of the above described property and the use thereof, including all rents, revenues, bonus money, royalties, rights and benefits accruing to Grantors under all present and future oil, gas and mineral leases on any part of the above described property; and all the estate, right, title and interest of every nature whatsoever of the Grantors in and to all of the foregoing and every part and parcel thereof.

TO HAVE AND TO HOLD the above described property, together with all and singular the rights, privileges, hereditaments and appurtenances thereunto in anywise incident, appertaining or belonging (all of which are hereinafter called "premises") unto Trustee, and his successors or substitutes forever; and Grantors hereby bind themselves, their heirs, successors, assigns and legal representatives, to warrant and forever defend title to said premises unto Trustee, his successors and substitutes, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

This conveyance is made in trust on the following trusts, terms and conditions, and for the purpose of securing and enforcing the payment of that certain Promissory Note (hereinafter called "Note") dated August 3, 1999, in the principal sum of **THREE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$325,000.00)**, being payable as therein provided and finally maturing on or before August 3, 2002, and bearing interest before and after maturity thereof as therein specified, containing certain accelerating maturity and attorney's fee collection clauses, as specified therein (said Note being incorporated herein by reference), executed by Grantors herein and payable to the order of **HOUSTON COMMERCE BANK**, whose address is P. O. Box 450559, 13300 Alameda road, Houston, Texas 77245-0559, (hereinafter, together with any subsequent holder of the Note, called "Beneficiary"), in lawful money of the United States of America; all renewals, rearrangements and/or extensions of the Note; and all other sums of money which may be hereafter paid or advanced by or on behalf of Beneficiary under the terms and provisions of this Deed of Trust; any additional loans made by Beneficiary to Grantors (it being contemplated that Beneficiary may lend additional sums to Grantors from time to time, but shall not be obligated to do so, and Grantors hereby agreeing that any such additional loans shall be secured by this Deed of Trust); and any and all other indebtedness, obligations and liabilities of any kind of the Grantors to Beneficiary, now or hereafter existing, absolute or contingent, joint and/or several, secured or unsecured, due or not due, arising by operation of law of otherwise, or direct or indirect, or heretofore or hereafter purchased, including indebtedness, obligations and liabilities to Beneficiary of the Grantors as a member of any partnership, syndicate, association or other group, and whether incurred by the Grantors as principal,

RECORDER'S MEMORANDUM:

At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon, or photo-copy, discolored paper, etc. All blackouts, additions and changes were present at the time the instrument was filed and recorded.

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surety, endorser, guarantor, accommodation party or otherwise, and whether originally contracted with Beneficiary or acquired by Beneficiary pursuant to a loan participation agreement or otherwise (all of which are hereinafter referred to as the "indebtedness"). Default in the terms of any note evidencing such past, present or future indebtedness or default in the terms of any Deed of Trust securing same shall be an event of default and a breach of covenant under all of said notes and Deeds of Trust and will give Beneficiary the right to accelerate the payment of all said notes and to foreclose under the terms of all the Deeds of Trust.

Grantors hereby expressly covenant and agree that:

1. Grantors will pay the Note secured hereby in accordance with the terms and provisions thereof.

2. The execution of this Deed of Trust shall not impair or affect any other security which may be given to secure the payment of the indebtedness secured hereby, and all such additional security shall be considered as cumulative. The taking of additional security, execution of partial releases of the security or any extension of time of payment of the indebtedness secured hereby, shall not diminish the force, effect or lien of this Deed of Trust and shall not affect or impair the liability of any maker, surety, guarantor or endorser for the payment of said indebtedness.

3. Grantors will pay as same come due and before same become delinquent, all taxes, assessments and other charges imposed, levied or assessed against the premises.

4. Grantors will keep the premises in good condition and repair and will not commit or permit any waste, impairment or deterioration of the same and generally will not do any act by which the value of the above described premises may become impaired. Neither shall any improvements, fixtures, or personal property be altered, destroyed or removed from said premises without the written consent of Beneficiary.

5. On default in the prompt payment of any sums of money secured by this Deed of Trust, Beneficiary, or any Agent of Beneficiary, shall have the right, but not the obligation, to demand, collect, receive, sue for and recover in its own name all presently owing or future rents, revenues, and incomes and to apply the same to the payment of the indebtedness secured hereby, after first deducting therefrom all expenses of collection. On such default, Beneficiary shall also have the right to take possession of the premises, remove all persons therefrom and rent the same for the account of Grantors, and employ such agents and attorneys as may be necessary with respect thereto. Likewise, on such default, Beneficiary shall be entitled to have a Receiver appointed to take possession of the premises and to collect all rents, income and revenues without notice to Grantors and without regard to the valuation of said premises or the solvency or insolvency of Grantors or any other person liable for any part of the indebtedness secured hereby, and without prejudice to any other rights or remedies.

6. Grantors will insure and keep insured all buildings and improvements now or hereafter located on the premises against loss or damage by fire; flooding, if the premises are located in a flood hazard area as designated by appropriate governmental authorities; and such other hazards as Beneficiary may require, in insurance companies approved by Beneficiary in form and in amounts satisfactory to Beneficiary, provided, that Beneficiary shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Deed of Trust. Such insurance policies shall contain loss payable clauses (standard mortgagee clauses) in favor of the Beneficiary as its interest may appear. Such policies and all renewals shall be delivered immediately to and held by Beneficiary together with receipts showing payment of all premiums thereon. Beneficiary is authorized to collect and apply the insurance proceeds, less a reasonable collection expense, at its option, either to the sums secured by this Deed of Trust, whether due or not, (in such manner and in such order with respect to maturities as Beneficiary shall determine), or to restoration or repair of the property damaged. No interest shall accrue or be payable to Grantors on any money collected and held by Beneficiary under said policies. The provisions herein shall not create any duty on the part of the Beneficiary to collect insurance proceeds and the Beneficiary shall not be liable for the failure to collect same regardless of the cause of such failure. In the event of foreclosure of this Deed of Trust or other transfer of the premises, in extinguishment of the indebtedness secured hereby, complete title to all policies held by the Beneficiary, all proceeds thereof resulting from damages to the properties prior to sale or acquisition, and all unearned premiums thereon shall pass to and vest in the purchaser or grantee. It is expressly acknowledged and agreed that procurement of insurance on said premises from any particular agent, broker or underwriter has not been directly or indirectly required by Beneficiary as a condition for making the loan secured hereby.

7. If Beneficiary has required mortgage insurance as a condition of making the loan secured by this Deed of Trust, or if mortgage insurance is necessary to make such loan a qualifying loan under applicable governmental regulations, Grantors agree to provide such insurance in an insurance company chosen by Grantors and acceptable to Beneficiary and governmental authorities, and agrees to pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with written agreement or applicable law or governmental regulations.

8. If Grantors fail to pay before delinquency all taxes, assessments, maintenance charges and other charges imposed, levied or assessed against said property or to maintain the insurance coverage, all as herein provided, Beneficiary may, at its option and without waiver of any other rights granted by this Deed of Trust for breach of the covenants contained herein, procure and pay for any such insurance coverage and pay any such taxes, assessments, maintenance charges and other charges, including any sums that may be necessary to redeem the premises from tax sale, without obligation to inquire into the validity of any such taxes, assessments, charges and tax sales, the receipts of the proper officers being conclusive evidence of the validity and amount thereof. Further, in the event Beneficiary is made a party defendant to any lawsuit arising out of the non-payment or alleged non-payment of any such taxes, assessments, maintenance charges, or any other charges imposed, levied, or assessed against said property, whether Beneficiary is joined as a normal party defendant or as a lienholder only, Grantor agrees to reimburse Beneficiary for any and all costs incurred by Beneficiary in connection therewith, including, without limitation, attorney's fee, court costs, filing fees, Master fees, title searches and any other costs actually incurred in connection therewith. All amounts so paid by Beneficiary pursuant to this Paragraph shall immediately become due and payable on demand to Beneficiary, and shall bear interest from the date of disbursement at the rate payable on the outstanding principal sum under the Note secured hereby, and all such amounts shall become additional indebtedness secured by this Deed of Trust.

9. Grantors shall create, at the option of Beneficiary, a reserve fund for the payment of annual insurance premiums that will become due and payable, taxes, assessments, and maintenance charges levied and to be levied against the premises by paying to Beneficiary contemporaneously with the installments due on the Note a sum equal to the premiums that will next become due and payable on hazard insurance policies covering the premises and premiums on mortgage insurance, if any, plus taxes, assessments and maintenance charges next due and payable on the premises, as estimated by Beneficiary divided by the number of months to lapse before one (1) month prior to the date any such premiums, taxes, assessments and maintenance charges will become due and payable. Such sums shall be held by Beneficiary for the purpose of paying such premiums, taxes, assessments and maintenance charges. Any excess reserve shall be credited by Beneficiary on either subsequent payments of the same nature or to the installments of principal and interest owing on said Note in any order of maturity and manner the Beneficiary may elect. Any deficiency in said reserve fund shall be paid by Grantors to Beneficiary on or before the date any such premiums, taxes and maintenance charges shall be due and payable. Such reserve funds may be commingled by the Beneficiary with other funds, and Grantors shall not be entitled to receive any interest thereon. The reserve funds are pledged to Beneficiary as additional security for the sums secured by this Deed of Trust, and the liens of this Deed of Trust shall at all times extend to said sums, which said sums shall not be assignable or refundable (except as herein provided) until all indebtedness secured by this Deed of Trust has been paid in full. In the event of default under this Deed of Trust, any part or all of said reserve fund may be applied by Beneficiary to said indebtedness.

10. Grantors will not suffer or permit any lien superior or equal to the lien created hereby to attach to or to be enforced against the premises.

11. If this Deed of Trust is on a unit in a condominium or a planned unit development, Grantors shall perform all of Grantors obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

12. If any part of the premises shall be taken for public use under the power of eminent domain, Beneficiary shall have the right to receive and collect all amounts and damages awarded by such condemnation proceedings and apply the same on the last maturing installments of the indebtedness secured hereby.

13. Grantors expressly waive and renounce the benefit of all present and future laws providing for any appraisal before sale of any of the property covered by this Deed of Trust, commonly known as "appraisal laws", and all present and future laws extending in any manner the time for enforcement of

collection of the indebtedness secured hereby, commonly known as "stay laws" and "redemption laws".

14. If, subsequent to the execution and delivery of this Deed of Trust, it should be ascertained that there is a defect in the title of Grantors to the premises, or that there is a lien of any nature whatsoever on any part of the premises, which is equal or superior in rank to the lien granted by this instrument, or if a homestead claim is asserted to any part of the premises adverse to this trust, or if Grantors or any subsequent owner of the premises become insolvent or bankrupt, or a receiver be appointed for their property, or a petition for reorganization, arrangement, receivership, bankruptcy or any proceeding for protection under the Bankruptcy Act or proceedings related to any of the foregoing be filed by or against Grantors or any subsequent owner of the premises, then in any such event any Beneficiary shall have the right to declare the indebtedness secured hereby at once due and payable without demand or notice, and the lien granted by this Deed of Trust may be foreclosed.

15. (a) If the indebtedness secured hereby is fully paid in accordance with the terms and provisions of this instrument and Note, and if the covenants and agreements contained herein are kept and performed, then this conveyance shall become null and void and shall be released at the expense of Grantors; otherwise, the same shall remain in full force and effect; and if default is made in the payment of any part of the indebtedness secured hereby or in the performance of any of the covenants and agreements contained in this instrument or in the Note, or in any document executed in connection therewith, then the entire indebtedness secured hereby shall, at once or at any time thereafter while any part of said indebtedness remains unpaid, at the option of any Beneficiary, become due and payable without demand or notice (all rights to demand and notice being hereby expressly waived), and it shall thereupon be the duty of the above named Trustee, or his successor or substitute, as hereinafter provided, to enforce this trust at the request of any Beneficiary (which request shall be presumed) and to sell the premises with or without first having taken possession of the same and in whole or in part, as the acting Trustee may elect (all rights to a marshaling of assets of Grantors being expressly waived hereby), to the highest bidder for cash at public auction at the Courthouse door of the County in which said premises are situated on the first Tuesday of any month between the hours of 10 A.M. and 4 P.M., after giving notice of the time, place and terms of sale and the premises to be sold by (i) the acting Trustee or any person chosen by him posting or causing to be posted written or printed notice thereof at least twenty-one (21) days preceding the date of said sale at the County Courthouse door of said County, and (ii) the Beneficiary or any person chosen by it, at least twenty-one (21) days preceding the date of said sale, serving written notice of such proposed sale by certified mail on each debtor obligated to pay the indebtedness evidenced by the Note according to the records of Beneficiary. Service of such notice to each debtor shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each debtor at the most recent address as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. After such sale, the acting Trustee shall make due conveyance with general warranty to the purchaser or purchasers, and the Grantors bind themselves, their heirs, assigns, executors, administrators, successors and legal representatives to warrant and forever defend the title of such purchaser or purchasers.

(b) If default is made in the payment of any part of the indebtedness secured hereby or in the performance of any of the covenants and agreements contained in this instrument or in the Note, any Beneficiary shall have the right and option to proceed with foreclosure in satisfaction of such item or items by directing the Trustee, or his successor or substitute as hereinafter provided, to proceed as if under a full foreclosure, conducting the sale as herein provided, and without declaring the whole debt due, and provided that if sale is made because of default as hereinabove mentioned, such sale may be made subject to the unmatured part of the Note and the indebtedness secured hereby, and it is agreed that such sale, if so made shall not in any manner affect any other obligation or obligations secured hereby but as to such other obligations this Deed of Trust and the liens created hereby shall remain in full force and effect just as though no sale had been made under the provisions of this Paragraph 15(b). It is further agreed that several sales may be made hereunder without exhausting the right of sale for any other breach of any of the obligations secured hereby, it being the purpose to provide for a foreclosure and a sale of the premises for any matured portion of any of the indebtedness secured hereby or other items provided for herein without exhausting the power to foreclose and to sell the premises for any other part of the indebtedness secured hereby whether matured at the time or subsequently maturing.

(c) The proceeds from any such sale shall be applied by the acting Trustee as follows: (1) To the payment of all expenses of advertising, selling and conveying said premises, including a commission to the acting Trustee of five per cent (5%) of the amount of the unpaid indebtedness secured hereby; (2)

To the payment to Beneficiary of all unpaid principal, accrued interest to date of sale, attorney's fees and all other indebtedness secured hereby; and (3) The balance, if any, shall be paid to Grantors. It is agreed, however, that Grantors shall remain liable to Beneficiary for any deficiency to the extent permitted by applicable law.

(d) The acting Trustee hereunder shall have the right to sell the premises in whole or in part and in such parcels and order as he may determine, and the right of sale hereunder shall not be exhausted by one or more sales, but successive sales may be had until all of the premises have been legally sold. In the event any sale hereunder is not completed or is defective in the opinion of Beneficiary or the holder of any part of the indebtedness, such sale shall not exhaust the power of sale hereunder, and Beneficiary or such holder shall have the right to cause a subsequent sale or sales to be made by the Trustee or any successor or substitute Trustee. Likewise, Beneficiary may become the purchaser at any such sale if it is the highest bidder, and shall have the right, after paying or accounting for all costs of said sale or sales, to credit the amount of the bid upon the amount of the indebtedness owing in lieu of cash payment. The purchaser or purchasers at foreclosure shall have the right to affirm or disaffirm any lease of said premises.

(e) It shall not be necessary for the acting Trustee to have constructively in his possession any part of the real or personal property covered by this Deed of Trust, and the title and right of possession of said property shall pass to the purchaser or purchasers at such sale as fully as if the same had been actually present and delivered. Likewise, on foreclosure of this Deed of Trust whether by power of sale herein contained or otherwise, Grantors or any person claiming any part of the premises by, through or under Grantors, shall not be entitled to a marshaling of assets or a sale in inverse order of alienation.

(f) The recitals and statements of fact contained in any notice or in any conveyance to the purchaser or purchasers at any such sale shall be prima facie evidence of the truth of such facts, and all prerequisites and requirements necessary to the validity of any such sale shall be presumed to have been performed.

(g) Any sale under the powers granted by this Deed of Trust shall be a perpetual bar against Grantors, their heirs, successors, assigns and legal representatives.

16. In the event of a foreclosure under the powers granted by this Deed of Trust, Grantors, and all other persons in possession of any part of the premises, shall be deemed tenants at will of the purchaser at such foreclosure sale and shall be liable for a reasonable rental for the use of said premises; and if any such tenants refuse to surrender possession of said premises upon demand, the purchaser shall be entitled to institute and maintain the statutory action of forcible entry and detainer and procure a writ of possession thereunder, and Grantors expressly waive all damages sustained by reason thereof. This remedy is cumulative of any and all remedies the purchaser may have hereunder or otherwise. This Deed of Trust and Trustee's Deed executed under the powers created hereby shall be, in any action of forcible detainer, prima facie evidence of the existence of the relationship of landlord and tenant as between the purchaser and Grantors, their tenants and/or assigns.

17. In case of the death, inability, refusal or incapacity of the herein named Trustee to act, or at the option of any Beneficiary at any time and without cause or notice, a successor or substitute Trustee may be named, constituted and appointed. Successor or substitute Trustees may be named, constituted and appointed without procuring the resignation of the former Trustee and without other formality than the execution and acknowledgment by Beneficiary of a written instrument (which instrument, if Beneficiary is a corporation, shall be executed by the President or any Vice-President and without the necessity of any action by the Board of Directors authorizing such appointment) appointing and designating such successor or substitute Trustee, whereupon such successor or substitute Trustee shall become vested with and succeed to all of the rights, titles, privileges, powers and duties of the Trustee named herein. Such right of appointment of a substitute or successor Trustee shall exist as often and whenever for any of said causes the original or successor or substitute Trustee cannot or will not act or has been removed as herein provided.

18. This Deed of Trust and the Note have been executed and delivered in the State of Texas and are to be construed and enforced in accordance with the laws of the State of Texas. If any terms or provisions contained herein are in conflict with the laws of the State of Texas or would operate to invalidate this Deed of Trust, such terms and provisions shall be held for naught, but the remainder of the terms and provisions shall remain in full force and effect. Likewise, in no event and upon no contingency shall Grantors be required to pay interest on the indebtedness secured hereby in excess of the rate allowed by the laws of the State of Texas. It is the intention of the parties hereto to conform strictly to the usury laws now

in force in the State of Texas. Accordingly, notwithstanding anything contrary in the Note, this Deed of Trust or any other agreement entered into in connection herewith, it is agreed as follows: (i) the aggregate of all charges which constitute interest under the laws of the State of Texas that are contracted for, chargeable or receivable under the Note, this Deed of Trust or otherwise in connection with this loan transaction shall under no circumstances exceed the maximum amount of interest permitted by law, and any excess shall be canceled automatically and, if theretofore paid, shall, at Beneficiary's option, be either refunded to Grantors or credited on the principal amount of the Note; and (ii) determination of the rate of interest shall be made by amortizing, prorating, allocating and spreading, in equal parts during the period of the full stated term of the loan, all interest at any time contracted for, charged, or received from Grantors in connection with the loan; and (iii) in the event that the maturity of the Note is accelerated by reason of an election of Beneficiary resulting from a default under the Note, this Deed of Trust or any agreement entered in to in connection herewith, or in the event of any required or permitted prepayments, then such charges that constitute interest may never include more than the maximum amount permitted by law, and interest in excess of that permitted by law, if any, provided for in the Note, this Deed of Trust or otherwise shall be canceled automatically and, if theretofore paid, shall, at Beneficiary's option, be either refunded to Grantors or credited on the principal amount of the Note.

19. This instrument shall be deemed to be and may be enforced from time to time as a Deed of Trust, Chattel Mortgage, Assignment, Contract, Security Agreement, Financing Statement, or Lien on Machinery Situated on Realty, and from time to time as any one or more thereof, and shall constitute a "fixture filing" for purposes of Article 9 of the Texas Uniform Commercial Code.

20. If the lien created by this Deed of Trust shall be invalid or unenforceable as to any part of the indebtedness secured hereby, the unsecured portion of said indebtedness shall be completely paid and liquidated prior to the payment and liquidation of the remaining and secured portion of said indebtedness, and all payments made on said indebtedness shall be considered to have been first paid on and applied to the complete payment and liquidation of that portion of the indebtedness which is not secured by the lien of this Deed of Trust.

21. It is understood and agreed that the proceeds of the Note, to the extent that the same are utilized to take up any outstanding liens and charges against the premises, or any portion thereof, have been advanced by Beneficiary at Grantors' request and upon Grantors' representation that such amounts are due and payable. Beneficiary shall be subrogated to any and all rights, superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens however remote regardless of whether said liens are acquired by assignment or are released by the holder thereof upon payment.

22. Grantors agree not to convey or contract to convey the premises, in whole or in part, without first obtaining the prior written consent of Beneficiary. Beneficiary shall be under no obligation to consent to any sale or conveyance. Should Grantors, without obtaining the prior written consent of Beneficiary, convey or contract to convey the premises, in whole or in part, any Beneficiary shall have the right and option to declare the entire amount of the indebtedness secured hereby to be due and payable. Beneficiary may exercise such right and option by giving written notice to Grantors and to the Grantees to whom such premises was sold or conveyed that the entire indebtedness has been declared due and payable and demand payment thereof. Such right and option may be exercised by any Beneficiary at any time during the period of one year from the date the contract to convey or conveyance was executed and notice thereof given to Beneficiary. The failure to pay the indebtedness so declared to be due in full within forty-five (45) days after the giving of such notice shall constitute an event of default under this Deed of Trust and the Trustee hereunder shall be and is hereby authorized and empowered when requested to do so by Beneficiary after such default to sell the premises as herein provided. Should Grantors, with the prior written consent of Beneficiary convey or contract to convey the premises herein described, either Grantors or the new owner must pay to Beneficiary a reasonable and customary transfer fee that it is charging at the time of such conveyance or contract to convey for all such transfers. The payment of such fee will not affect or impair the rights and options granted to Beneficiary herein. In the event ownership of the property herein described (or any part thereof or interest therein) becomes vested in a person other than the Grantors, regardless of how the same may occur and whether with or without the written consent of Beneficiary, the Beneficiary may, without notice to the Grantors, deal with such successor or successors in interest with reference to this Deed of Trust and to the debt hereby secured in the same manner as with the Grantors without limiting or discharging the liability of Grantors under this Deed of Trust and the indebtedness secured hereby. Sale of the premises by Grantors, forbearance by Beneficiary, extensions of the time of payment of the indebtedness secured hereby or acceleration of the time of payment of the indebtedness secured hereby and the subsequent reinstatement of same, shall not operate to release, discharge, modify, change or affect the original liability

of Grantors in whole or in part.

23. To further secure said indebtedness, Grantors hereby grant to Beneficiary a security interest in and to the premises insofar as such premises consists of fixtures, chattels and personal property as hereinabove described, subject to the provisions of the Texas Uniform Commercial Code, and to the full extent permitted thereby, including the proceeds and products of and from any and all of such personal property and fixtures. If any default occurs under the terms of the Note or this instrument, Beneficiary is and shall be entitled to all of the rights, powers and remedies afforded a Secured Party by the Texas Uniform Commercial Code with reference to the personal property and fixtures in which Beneficiary has been granted a security interest herein, or the Trustee or Beneficiary may proceed as to both the real and personal property covered hereby in accordance with the rights, powers and remedies granted under this instrument in respect of the real property covered hereby.

24. It is expressly agreed and understood that the exercise of any option in this Deed of Trust by the Beneficiary shall not be considered as a waiver of its right to exercise any other option provided herein and the failure or the refusal to exercise any such option shall not be considered as a waiver of the option and further that the Beneficiary shall not be guilty of waiver or estoppel by not immediately accelerating the maturity of the indebtedness upon the happening of any of the events herein set forth or upon the breach by Grantors of any covenants or agreements herein contained, but shall be entitled to accelerate said indebtedness at its option at any time after the occurrence of any such event or breach and the acceptance of payments shall in no manner be construed as a waiver or estoppel of such right to accelerate.

25. The covenants and agreements herein contained shall be joint and several and shall inure to the benefit of and be binding upon the respective heirs, successors, assigns, and legal representatives of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

26. The terms and provisions of Paragraph Eighteen (18) above pertaining to the payment of interest in strict accordance with the usury laws of the State of Texas shall include and be construed together with modifications and pre-emptions thereof by applicable Federal Laws from time to time existing.

27. This Deed of Trust and Security Agreement is a construction mortgage as defined in Section 9.313(a) (3) of the Texas Business and Commerce Code.

28. Annually throughout the term of the Note, Grantors, at Grantors' expense, agree to furnish to Beneficiary an updated appraisal on the value of the premises. Said appraisal shall be in a form acceptable to Beneficiary and shall be performed by an appraiser satisfactory to Beneficiary. Furthermore, Grantors agree that in the event an independent appraisal is required by any governmental agency, Grantors will pay the cost of such appraisal and will pay such sums and perform such acts as may be required by such agency to make the loan a conforming loan under existing governmental regulations governing the Beneficiary.

29. It is understood and agreed that funds to be advanced upon the Note secured hereby are to be used in accordance with a Loan agreement made by and between grantors herein and Beneficiary herein of even date herewith, which said Loan agreement is incorporated herein and made a part of this Deed of Trust. This Deed of Trust secures the payment of all sums and the performance of all covenants required of Grantors herein by said Loan Agreement, and upon the failure of Grantors herein to keep and perform all the covenants, conditions and agreements of said Loan Agreement, the principal sum and all interest and other charges provided for herein and secured hereby shall, at the option of the Beneficiary herein, become due and payable, anything herein contained to the contrary notwithstanding.

30. It is expressly agreed that all covenants, conditions and agreements contained in the said Loan Agreement executed in connection with the Note secured hereby are made a part of this Deed of Trust. This Deed of Trust will be considered in default upon any default or event by which under the terms of such Loan Agreement shall be an act or event of default therein.

31. In consideration for Beneficiary accepting and agreeing to this Deed of Trust, the Grantors, upon demand by Beneficiary, shall deliver to Beneficiary current Financial Statements. The term "Financial Statements" shall mean such balance sheets, profit and loss statements, reconciliations of capital and surplus, changes in financial conditions, schedule of sources and applications of funds, operating statements with respect to the Grantors and the property and any other financial information which Beneficiary may require.

32. If, without the prior written consent of Beneficiary, which consent may be given or withheld by Beneficiary in the exercise of its sole and absolute discretion, Grantors create any lien or encumbrance subordinate to this Deed of Trust, then Beneficiary may, at its option, declare all or part of the indebtedness immediately due and payable, and Beneficiary shall be entitled to exercise any and all remedies provided under this Deed of Trust.

33. On or before January 31 of each calendar year, Grantors agree to furnish to Beneficiary copies of paid tax receipts from all taxing authorities which levy real estate taxes against the premises for taxes with respect to the preceding calendar year. Notwithstanding the foregoing, in the event Grantors are unable to procure such tax receipts by January 31 of each year, Grantors may, in the alternative, furnish Beneficiary other evidence reasonably satisfactory to Beneficiary evidencing the payment of such taxes prior to their delinquency.

34. The indebtedness herein described and hereby secured is additionally secured by a vendor's lien retained in favor of Beneficiary herein in Deed of even date herewith to Grantor herein, which vendor's lien and this Deed of Trust secure the payment of said indebtedness of **THREE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$325,000.00)** and it is agreed that this Deed of Trust is cumulative of and without prejudice to said lien and title and that a foreclosure hereunder will operate to foreclose said vendor's lien, said Deed being referred to for all purposes.

EXECUTED this the 3rd day of August, A.D., 1999.

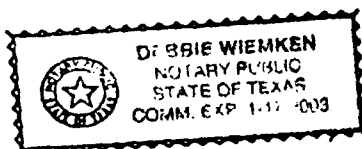
**LDL COASTAL LIMITED, L.P., a Texas
limited partnership**

By: **LDL Management, LLC, a Texas
limited liability company, its sole
general partner**

By: Morris B. Linder
Morris B. Linder, Manager

THE STATE OF TEXAS §
§
COUNTY OF Brazoria §

This instrument was acknowledged before me on the 3rd day of August, A.D., 1999, by Morris B. Linder, Manager of LDL Management, LLC, a Texas limited liability company, the sole general partner of LDL COASTAL LIMITED, L.P., a Texas limited partnership, on behalf of said company and partnership and in the capacity therein stated.



Debbie Wiemken
Notary Public in and for the State of TEXAS

Notary's Printed Name and
Commission Expiration Date:

EXHIBIT "A"

TRACT NO. 21:

TRACT NO. 21 OUT OF THE BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8 IN THE F. J. CALVIT LEAGUE, ABSTRACT NO. 51, BRAZORIA COUNTY, TEXAS, AND BEING THREE SEPARATE TRACTS AND BEING ALL OF THE SAID TRACT NO. 21, LYING NORTH OF THE INTRACOASTAL CANAL AND BEING MORE PARTICULARLY DESCRIBED ON EXHIBIT "A" ATTACHED.

TRACT NO. 22:

TRACT NO. 22, BRAZOS COAST INVESTMENT COMPANY SUBDIVISION, DIVISION NO. 8, F. J. CALVIT LEAGUE, ABSTRACT 51, IN BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF DULY RECORDED IN THE OFFICE OF THE COUNTY CLERK OF BRAZORIA COUNTY, TEXAS, THE SAME BEING THE SAME PROPERTY CONVEYED TO GULFCO MARINE MAINTENANCE, INC. FROM B. L. TANNER BY DEED DATED THE 14TH DAY OF MAY 1970, OF RECORD IN VOLUME 1060, PAGE 535, DEED RECORDS OF BRAZORIA COUNTY, TEXAS.

TRACT NO. 23:

TRACT NO. 23 OUT OF THE BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8 IN THE A. CALVIT LEAGUE, ABSTRACT NO. 51, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGE 141 - 144 OF THE PLAT RECORDS OF BRAZORIA COUNTY, TEXAS.

TRACT NO. 24:

TRACT 24, BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8, F. J. CALVIT LEAGUE, ABSTRACT 51, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF DULY RECORDED IN VOLUME 2, PAGE 141 - 144, PLAT RECORDS, BRAZORIA COUNTY, TEXAS.

TRACT NO. 25:

TRACT 25, BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8, F. J. CALVIT LEAGUE, ABSTRACT 51, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF DULY RECORDED IN VOLUME 2, PAGE 141 - 144, PLAT RECORDS, BRAZORIA COUNTY, TEXAS.

TRACT NO. 55:

TRACT 55, BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8, F. J. CALVIT LEAGUE, ABSTRACT 51, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF DULY RECORDED IN VOLUME 2, PAGE 141 - 144, PLAT RECORDS, BRAZORIA COUNTY, TEXAS.

TRACT NO. 57:

TRACT 57, OUT OF DIVISION 8 OF THE B.C.I.C. SUBDIVISION, F. J. CALVIT LEAGUE, ABSTRACT 51, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGE 143 - 144 OF THE PLAT RECORDS OF BRAZORIA COUNTY,

TRACT NO. 58:

TRACT 58, OF THE BRAZOS COAST INVESTMENT COMPANY SUBDIVISION NO. 8, IN THE F. J. CALVIT LEAGUE, ABSTRACT NO. 51, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGE 141 - 144 OF THE PLAT RECORDS OF BRAZORIA COUNTY, TEXAS.

EXHIBIT "A"

Tract No. 21 out of the Brasos Coast Investment Company Subdivision No. 8, in the A. Calvit League, Abstract No. 51, Brazoria County, Texas, and being three separate tracts and being all of the said Tract No. 21, and lying North of the Intracoastal Canal and being described as follows:

Beginning at an iron rod in the Northeast line of the said Tract No. 21, which bears South 45 degrees 16 minutes East a distance of 20.0 feet from the original North corner of the said Tract No. 21, and being in the Southeast right-of-way line of County Road No. 756;

Thence South 45 degrees 16 minutes East a distance of 441.0 feet to a point for corner and being on the bank of the Intracoastal Canal;

Thence Southwesterly along the bank of the Intracoastal Canal with the following meanders:

South 48 degrees 44 minutes West a distance of 66.11 feet;

South 90 degrees 30 minutes West a distance of 132.40 feet;

South 42 degrees 40 minutes West a distance of 65.94 feet to a point for corner and being in the Southwest line of the said Tract No. 21;

Thence North 45 degrees 36 minutes West along the Southwest line of the said Tract No. 21 a distance of 454.0 feet to an iron rod for corner and being in the Southeast right-of-way line of County Road No. 756;

Thence North 44 degrees 34 minutes East along the Southeast right-of-way line of County Road No. 756 a distance of 263.7 feet to the place of beginning and containing 3.974 acres of land, more or less.

SECURITY FEE	1.00
NIGHT-PRES	5.00
RECORDING	21.00
TOTAL	27.00

FILE #	86340
CHECK	27.00

0001 2127-0000 0048 8/ 9/99 4:51PM NON

FILED FOR RECORD
99 AUG -6 PM 3: 56

Joyce Hudman
COUNTY CLERK
BRAZORIA COUNTY TEXAS

STATE OF TEXAS
COUNTY OF BRAZORIA

I, JOYCE HUDMAN, Clerk of the County Court in and for Brazoria County, Texas do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the OFFICIAL RECORD at the time and date as stamped hereon by me.



Joyce Hudman
County Clerk of Brazoria Co., TX